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Chair

The Honourable Judy A. Sgro

Standing Committee on Transport, Infrastructure and Communities

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● (1600)

[*English*]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): Good afternoon, everyone. I welcome you to meeting number 103 of the Standing Committee on Transport, Infrastructure and Communities in the 42nd Parliament. Pursuant to Standing Order 108(2), we're doing a study of automated and connected vehicles in Canada.

With us as witnesses from 4:00 to 4:30, from the Office of the Privacy Commissioner of Canada, we have Daniel Therrien, Privacy Commissioner of Canada; and Barbara Bucknell, Director of Policy and Research.

Thank you both very much for finding time in your busy schedules to come and give us some information on privacy concerns that we may have on this particular issue.

[*Translation*]

Mr. Daniel Therrien (Privacy Commissioner of Canada, Office of the Privacy Commissioner of Canada): Madam Chair, honourable members of the committee, thank you for inviting us to appear before you today in the context of your study of automated and connected vehicles in Canada.

Modern cars are more than simply vehicles. They have become smart phones on wheels—mobile sensor networks, capable of gathering information about, and communicating with, their internal systems, other vehicles on the road, and local infrastructure. This information is not strictly about the car; it can be associated with the car's driver and passengers, and used to expose patterns or make inferences about those people for a number of purposes not all related to the functioning of the vehicle or safe transportation.

For instance, these vehicles collect information about driver habits and behaviour, biometric and health data, location data, personal contacts, schedules and communications, and entertainment content, which could be used for marketing, usage-based insurance, navigation, and so on.

Most of these data flows in the connected car are very complex and not transparent. Individuals are accustomed to simply getting in a car and driving, and may have little awareness about how the data captured by a connected car may be used in the background, let alone the implications of those uses, or of any options available to limit, disable or otherwise control them.

The benefits available to Canadians through the arrival of connected and autonomous cars may be significant. However, consumers' trust in these technologies will only take hold when the appropriate balance is reached between information flow and privacy protection.

[*English*]

Over the past several years, my office has set out to identify improvements to the current consent model under federal private sector privacy law. What became clear to us throughout this work is that individuals want to retain the ability to make decisions about their data, and that organizations still need to do a better job of explaining what they propose to do with the personal information they collect. In an attempt to improve this situation, we have updated our guidelines for online consent, and they now outline seven underlying principles for obtaining meaningful consent.

In the context of the connected car, there may be certain scenarios where it would be inappropriate for the driver to control how the information is used, for instance, when the data is necessary for road safety or proper functioning of the vehicle. However, there are many other scenarios or purposes that should be subject to individual choice. In that respect, we think our guidelines for consent will be useful.

While we believe that meaningful, informed consent continues to have an important role in protecting privacy, it is also clear that the consent model is challenged in this new world of increasingly complex data flows and business models. In these situations, as is clearly the case with connected cars, consent needs to be supported by other mechanisms, including industry codes of practice, privacy by design, and strong accountability and respect for privacy rights by organizations. Likewise, proactive enforcement is required to ensure independent review of compliance with these requirements and to hold organizations to account.

The time has come for more modern privacy laws, which are urgently needed to protect us as both citizens and consumers. I am calling for amendments to the law to allow my office to go into an organization to independently confirm that the principles in our privacy laws are being respected without necessarily suspecting a violation of the law. These are not extraordinary powers, but rather authorities that have been exercised for a long time by other regulators. This shift towards stronger accountability of organizations and more proactive enforcement of privacy laws is necessary to achieve truly meaningful privacy protection in a technologically complex world.

To conclude, I would like to acknowledge the study by the Standing Senate Committee on Transportation and Communications on this very topic. I was very encouraged by the Senate committee's report, which gave significant weight to the privacy issues that we raised during its study, and made four privacy-focused recommendations.

● (1605)

I note in particular its recommendation 8, which reiterates my recommendation that the law be amended to empower my office to proactively investigate and enforce industry compliance with PIPEDA, as well its recommendation 10, which is to bring together relevant stakeholders to develop a coordinated framework for connected vehicles, with privacy protection as one of the key drivers. I look forward to the government's response to this report and to playing a key role in future developments.

Engaging and informing consumers so that they can make reasonable choices, empowering the regulator, and setting in motion a coordinated approach to connected vehicles clearly resonates with how my office envisions dealing with issues of consent and the privacy challenges associated with connected vehicles.

Thank you very much, and I look forward to your questions.

The Chair: Thank you very much.

We will go questions.

Mr. Liepert, you have five minutes.

Mr. Ron Liepert (Calgary Signal Hill, CPC): I'm having trouble differentiating why automated vehicles would be any more susceptible to privacy issues than current vehicles. Really, we're talking about technology here and what technology can gain, whether it's in an automated vehicle or not.

Can you explain to me why driverless vehicles would be more prone to privacy issues than vehicles currently on the road today?

Mr. Daniel Therrien: The distinction is not quite between driverless vehicles and current vehicles. It's more between cars that are connected to the Internet, whether they're driverless, semi-autonomous, or partially autonomous, and old model cars that are not connected to the Internet. The privacy risks arise out of the fact that currently, and certainly in the future, cars are connected to the Internet in part for transportation safety reasons, which are, of course, very legitimate and need to happen, but also for other reasons. For instance, when somebody drives their vehicle in 2018—and maybe it will be different in 2030—and behaves a certain way and goes to certain places, data is collected and potentially shared on driver behaviour and the location of an individual. Clearly personal information is collected by these cars, which are connected to the Internet, that could be shared for any number of purposes, such as for marketing, insurance, and so on.

Mr. Ron Liepert: I understand that. To me it's more about the advancements in technology and how the automobile world is using technology, whether it's GPS or whatever, than it is about a line between driverless cars and cars with drivers. It's more a gradual implementation of technology that would cause the privacy concerns. Is that fair?

Mr. Daniel Therrien: It's the increased collection of personal information that comes with new technology, particularly technology that connects the car to the Internet for all kinds of purposes.

To be clear, as I've tried to be in the statement, the development of connected cars brings many benefits to the environment, road safety, and so on, but with that comes a much greater collection of personal information. This does not mean it should not happen, but it should be regulated.

Mr. Ron Liepert: I should probably know this, but where do we stand today with the various recommendations you made to government that you outlined? Where are we on those? Are they sitting on a shelf?

● (1610)

Mr. Daniel Therrien: The government has not yet responded to these recommendations. We've made similar recommendations to the Senate to which the Senate agreed, and the government needs to respond. That's one stream. We've made similar recommendations to the ethics committee of the House. They go beyond cars, but they're very similar recommendations. The ethics committee also agreed in large part with our recommendations, and the government's response is still due. The government is within its time to respond to these reports, but we have not seen the government's response yet.

The Chair: You have 30 seconds.

Mr. Ron Liepert: I'm good.

The Chair: Thank you.

Mr. Hardie, go ahead.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Thank you, Madam Chair.

This is a fundamental question. The vehicle is out there moving round and it's engaging with the Internet of things. This is off in the future. Is it necessary to develop a record? Does data actually need to be captured and stored somewhere?

Mr. Daniel Therrien: If you're talking about—

Mr. Ken Hardie: I know you're not a vehicle technician, but that question has to be asked. The issue here is the collection, storage, and disposition of records.

Mr. Daniel Therrien: Yes.

Mr. Ken Hardie: Somebody needs to see if in fact records need to be created in the first place in order for these machines to do their job.

Mr. Daniel Therrien: There will be information that may not be personal, say, the behaviour of a vehicle, the functioning of the vehicle itself, which in some cases will not lead to personal information. That's one set of issues, but there's another set of issues which is of concern to us, or at least of interest to us, which has to do with the collection of personal information from the car to outside the car.

For instance, there's driver behaviour. There will be some of this collection, which may be necessary for transportation safety or other regulatory purposes. We're not saying it should not be recorded, but if personal information is at stake, the principle under privacy law is that it should only be collected when necessary and should be retained only as necessary for the regulatory purpose. That's at the general level.

Mr. Ken Hardie: I have other questions, so maybe we'll have a look offline into more of those details.

What do you contemplate as far as real-time monitoring of a vehicle is concerned?

Mr. Daniel Therrien: Do you mean for safety reasons?

Mr. Ken Hardie: For any reason. The technology is there that allows you to actually track a vehicle and its movements. Do you see your legislation addressing that?

Mr. Daniel Therrien: PIPEDA is a principles-based legislation, and I think it can be interpreted as applying to these various collections of information but enhanced with more specific rules. That's a reason why we agree with the Senate committee, which recommended that government work with the private sector and hopefully with us, to develop either a code of practice or more specific rules than the very high-level principles in PIPEDA.

PIPEDA is able to do that but needs to be enhanced with either a code of practice or more specificity, and government and industry need to work on that, with our assistance, we hope.

Mr. Ken Hardie: Do you think we could come to a point where people who go out and buy a car have an option to opt out, that is, to literally unplug the module that does all of this and go old-timey, drive it yourself, and do without all of the electronic monitoring, etc.?

Is that something that would be of interest to a privacy commissioner?

Mr. Daniel Therrien: I think that will be possible for certain collections and sharing of information, but probably not for all. For instance, if we imagine a world in a few years where there is a mix of autonomous and semi-autonomous cars, there has to be sharing of information between the car and the infrastructure, the road, to ensure that cars function in a safe manner. I do not envisage that the collection and sharing of information to ensure road safety is something that people will be able to opt out of.

On the other hand, there are more benign uses of information, such as the contact list on your telephone that's connected to the car, or things like that, where, yes, there should be an opt-out.

● (1615)

The Chair: Thank you very much.

Mr. Aubin, go ahead.

[*Translation*]

Mr. Robert Aubin (Trois-Rivières, NDP): Thank you, Madam Chair.

Five minutes for the two of you is really too short. So, let's get into it.

I want to return to the fundamental element here, the notion of consent. I'm not sure I'm able to count the number of times I have tried to read a full consent form. Every time, I end up agreeing without having understood anything, because the wording is absolutely arcane to me, and the contracts are usually very long.

Here is my first question: What can and should the government do so that those who give consent are doing so in an informed manner?

Buying a car is a major investment. People are usually so excited that they often agree to the terms and conditions without really knowing what they are agreeing to.

Mr. Daniel Therrien: Users don't always need to give consent, but they do so when it is appropriate, for instance, granting access to their contact lists when their cellphones are plugged into their cars. That is why we established preliminary guidelines that will very soon be finalized. These guidelines aim to ensure that car manufacturers and other companies focus on certain key elements, when developing their privacy policies, to give users a more informed understanding of what they're consenting to. I won't go into the details right now, but, with our guidelines, companies will have to focus on four key elements that consumers will have to be able to understand, so that they can give informed consent.

This doesn't really apply to today's extremely high-tech vehicles, but there are certain situations where giving consent is appropriate.

Mr. Robert Aubin: My second question addresses the same issue as Mr. Hardie's question, but goes a little further.

When I buy a vehicle like that, will I be able to refuse to consent to sharing my personal information, without this having an impact on the other built-in functions of the vehicle?

What would happen with my consent, whether I have given it or not, if I were to leave Canada and go to the United States, for instance, where the legislation we've passed would not apply?

Mr. Daniel Therrien: Again, we have to distinguish between security procedures for vehicles and means of transportation, where giving consent is less relevant, and uses such as individuals' entertainment and location systems, where giving consent is relevant.

When Canadian automotive dealerships sell cars to Canadian consumers, they are required to have privacy protection policies that abide by Canadian law. I imagine that vehicle manufacturers could give drivers the option of changing their vehicle's parameters based on the vehicle's location, for example, if a driver were to leave Canada and go to the United States. But manufacturers could also make sure that the parameters that apply in Canada, apply elsewhere as well. I don't think that the law compels manufacturers to configure any given set of parameters.

What is certain is that Canadian law applies in Canada. When drivers leave the country, the manufacturers will probably be the ones who decide if the Canadian protections follow the vehicle, or if American law applies.

Mr. Robert Aubin: I imagine that it is the Canadian government's duty to harmonize its consent policies with those of the United States.

● (1620)

Mr. Daniel Therrien: Yes, but harmonization isn't simple.

Mr. Robert Aubin: I don't imagine so.

European legislation, which you probably know far better than I, applies the concept of privacy by design. Is there something similar in Canadian legislation? Is this the way to go?

Mr. Daniel Therrien: Actually, the concept of privacy by design is a Canadian invention attributed to Ontario's former privacy commissioner. European lawmakers imported it, and will include it in their legislation in a few weeks.

It isn't a direct requirement in Canada. However, Canadian law has the principle of accountability. Companies must be held accountable for how they handle data. With this concept, we introduce the notion of—

[*English*]

The Chair: Thank you very much, Mr. Therrien.

Mr. Daniel Therrien: —privacy by design.

The Chair: I'm sorry, but I have to cut you off. Everybody is trying to get a few questions in here.

Mr. Iacono.

[*Translation*]

Mr. Angelo Iacono (Alfred-Pellan, Lib.): Thank you, Madam Chair.

Thank you, Commissioner.

With Facebook, we have seen the reality of data collection.

How can we and should we legislate to protect our drivers' and citizens' data?

Mr. Daniel Therrien: We are investigating Facebook, so I won't go into the details of that matter. However, it seems that there is a problem regarding the scope of consent, which is an issue we are revisiting.

First, we can protect Canadians by having clearer rules around consent. We are in the process of developing guidelines for this.

Second, it's mostly an issue of ensuring that companies truly comply with the principle of accountability I mentioned earlier. That is when the issue of the Office of the Commissioner's powers comes into play. Companies must be held liable according to federal law, but they are seldom monitored by independent third parties, in this case, the Office of the Commissioner. That is why we are, first, asking for the power to perform audits, and, second, for credible penalties for companies that violate privacy protection laws.

Mr. Angelo Iacono: Are you referring to a consent model? Is that what you're describing precisely?

[*English*]

Is this about the definition of consent, or is it making reference to something else?

Mr. Daniel Therrien: I'm now referring more to the accountability principle.

Mr. Angelo Iacono: Okay.

Mr. Daniel Therrien: In a complex thing like a connected car, consent is valid for certain uses of information, but for others, such as the proper functioning of a very complex technological car, it's more the accountability principle that's at stake. Companies have an obligation to be responsible. That's a good start, but we see that it's also important to have independent verification of whether companies are truly accountable, which is why I'm saying my office needs greater authority to verify and to sanction.

Mr. Angelo Iacono: What is, according to you, the appropriate balance to have between the information flow and the privacy protections?

Mr. Daniel Therrien: I think it depends on the collection and use of the information. Where information is collected, as I've been saying, for purposes of car safety or transportation safety, privacy should have a lesser weight in the balance. When information is collected about the communication system, the link between a telephone and the car, privacy should have a greater weight in that circumstance.

Mr. Angelo Iacono: Could you elaborate a bit more? When you say the time has come to have more privacy laws in order to protect personal information, what exactly do you mean by that?

Mr. Daniel Therrien: Again, where the use of data is in the context of the technologically complex device or a car, for instance, but it applies in other situations, accountability is important, but we cannot rely exclusively on companies being accountable. There needs to be a third party able to verify and sanction inappropriate conduct.

To me, a solid privacy law in 2018 includes the ability for the regulator—here the Office of the Privacy Commissioner—to verify that companies are actually accountable and, if they are not, to sanction them for that.

● (1625)

Mr. Angelo Iacono: Thank you.

The Chair: You have three minutes, Mr. Fraser.

Mr. Sean Fraser (Central Nova, Lib.): Excellent. Thank you very much.

I find this whole thing fascinating. There are a number of legitimate uses of personal information which you've flagged, but there are some things which I envision we could get into. You could be dealing with automated vehicles in a car-share type of scenario further down the road. You might even get to new urban design principles that would help with traffic flow. You might monitor the locations of cars to make sure they arrive when people are taking off for work and going somewhere in the evening.

Are there challenges to the successful implementation of a regime that might know where a person like Joe is going without necessarily disclosing what Joe specifically is doing, so to speak? Is the one legislative change to allow you to proactively investigate industry really the only legislative tool you would need to complement our existing laws, to allow companies to do all the good things with this information without compromising privacy?

Mr. Daniel Therrien: Well, I think here that the issue of de-identification becomes very relevant. That there is communication of information between a car and its environment to better manage the flow of vehicles, for instance, makes sense.

The first thing that should happen is a credible attempt to depersonalize that information so that it can serve its useful purposes without disclosing the location of an individual. That should be possible in many cases if rigorous methods of de-identification are used. That's certainly part of the solution.

Mr. Sean Fraser: I think you referred to the guidelines for online consent. That's not dealing with the use of the data; those are guidelines on how you obtain a person's consent.

Mr. Daniel Therrien: Yes.

Mr. Sean Fraser: Are there guidelines that the Privacy Commissioner has that outline the acceptable use of the person's personal information for a valid public policy use, or is that a tool we're missing right now?

Mr. Daniel Therrien: Do you want to answer that?

Ms. Barbara Bucknell (Director, Policy, Parliamentary Affairs and Research, Office of the Privacy Commissioner of Canada): Sure.

We also have draft guidance on a provision under our law around "appropriate purposes". It's kind of an overarching principle that an organization may collect, use, and disclose personal information for appropriate purposes.

Mr. Sean Fraser: You said this is a draft right now.

Ms. Barbara Bucknell: Yes.

Mr. Sean Fraser: What's preventing it from being finalized? Is it just time?

Ms. Barbara Bucknell: It's going to be finalized at the same time as the consent guidance.

Mr. Sean Fraser: What's the time line we're looking at for that?

Mr. Daniel Therrien: It's imminent.

Mr. Sean Fraser: Great. That was a well-timed question, then.

Ms. Barbara Bucknell: It does the inverse I think of what you're saying, though. It says that these are the kinds of uses that we think are or should be considered no-go zones.

Mr. Sean Fraser: It tells you where you can't go.

Ms. Barbara Bucknell: Yes.

Mr. Sean Fraser: I think that's probably safer. You run the risk of not being open to what we haven't thought of yet if you go the other way.

Is that close to my three minutes?

The Chair: Yes.

Mr. Sean Fraser: Thank you very much.

The Chair: Thank you very much, Mr. Therrien and Ms. Bucknell, for being here today. I think you could see that the committee is quite interested in a multitude of these issues.

We're going to suspend for a moment while our other witnesses get connected on the video conference.

Our clerk is going to distribute the changes that we made on our ocean war graves report on Monday. If you can have a look at the changes, we need to adopt them, as they were considerable.

We'll have two minutes to do that at the end of our meeting.

• (Pause)

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• (1630)

The Chair: I'm calling the meeting back to order.

We welcome, from the Canadian Council for Public-Private Partnerships, Mark Romoff, President and Chief Executive Officer; from the City of Dieppe, New Brunswick, Yvon Lapierre, Mayor; and from the Halifax Regional Municipality, Mike Savage, Mayor. From Renewable Cities, we have Alex Boston, Executive Director and Fellow.

Welcome to you all. Thank you so much for finding time to engage with us again.

We will open it up with Mr. Romoff from the Canadian Council for Public-Private Partnerships.

Mr. Mark Romoff (President and Chief Executive Officer, Canadian Council for Public-Private Partnerships): Good afternoon, and thank you, Madam Chair, members of the committee, and Madam Clerk, for inviting the Canadian Council for Public-Private Partnerships to speak about the progress and challenges of the federal government's long-term infrastructure plan.

As the committee is aware, Canada, like all countries around the world, is confronting a significant infrastructure deficit while facing the additional challenge of fiscal restraint. The federal government, provinces, territories, and municipalities have nonetheless stepped up to the plate, earmarking significant funding to address this priority issue. The federal government is moving ahead with its ambitious $186-billion Investing in Canada plan, and notably the Government of Ontario is implementing an equally aggressive $190-billion 10-year plan.

Our council is a national not-for-profit member-based association, consisting of nearly 400 public and private sector organizations, which works closely with governments at all levels to enable them to become smarter, more innovative, and more effective at delivering infrastructure in Canada. I should add that the council is not a lobby group. Rather, we partner with governments to achieve the very best performance and return on their infrastructure investments.

While we are proponents of public-private partnerships, or P3s, we also recognize that they are not a panacea. If used for the right reasons, and on the right projects, they have delivered very strong economic outcomes in terms of projects being delivered on time and on budget and with excellent value for taxpayers. P3s have become a key tool in the tool kit for governments in delivering major infrastructure assets, and Canada has become a world leader in this sector. We now have 276 projects across the country and across a wide range of sectors, including transportation, health care, water and waste water, justice, energy, and broadband, to name but a few. The value of these projects that have reached financial close, which is to say they are either already in operation or under construction, now exceeds $125 billion.

The council is also actively engaged with indigenous communities across the country, who, as you know, are facing serious infrastructure deficits in the order of $30 billion to $40 billion, related principally to water and waste water, housing, schools, and broadband connectivity shortcomings, which must be addressed.

As a council, we have been pleased to see those historic investments made in infrastructure by governments. They signal that Canadians and their governments recognize that investing in infrastructure creates jobs, grows the economy, increases productivity, improves quality of life, and increases health and safety. In this regard, the government's Investing in Canada plan is to be commended. Notably the program targets high-priority sectors, including public transit and social and green infrastructure, as well as needed improvements to trade corridors. It also includes new innovations, such as the Canada Infrastructure Bank and the smart cities challenge.

Progress on the implementation of the infrastructure plan is being made. It's our understanding that over 28,000 projects have been approved under phase one and many provincial and territorial agreements are in place for phase two funding.

We're also well aware of the concern around the speed at which infrastructure plans are moving ahead. I'll leave it to others to determine what success on that front would be, but I do want to offer a few observations.

Negotiating federal-provincial deals does take time, on both sides, and there is no advantage to either party in rushing the process. Given the degree of infrastructure investment in the past decade, there are fewer shovel-ready projects than there were in the past. Bigger, more complex projects are now becoming the norm, and properly planning and executing these projects does and should take time.

Money flow does not always strictly follow project approval. For example, with P3 projects, the money may not flow at all until the project has reached substantial completion, because the private sector is taking on the construction risk and putting its own money on the table and does not get paid until it delivers.

We do, however, have a few suggestions that could improve the overall ability of government to build capacity, get infrastructure built faster, and deliver the best value and return on investment for taxpayers.

• (1635)

First, the reality is that when talking—

The Chair: Mr. Romoff, I'm sorry to interrupt. Could we get your closing comments? We have to restrict everybody to five minutes to give members a chance to ask their questions.

Mr. Mark Romoff: Okay, I'm just going to make four quick points and I'll be done.

Here are our suggestions: First, the reality is that when talking about infrastructure projects, cash flow is not really an appropriate indicator of economic activity. As I've just mentioned, projects don't flow quickly, because of the construction period. Also, because projects, particularly P3s, incorporate a life-cycle maintenance component for a period of 25 to 35 years, that structure precludes early disbursement of the dollars. For these reasons, we would recommend that project approvals and project starts be more realistic indicators of the success of the infrastructure plan.

● (1640)

The Chair: Thank you very much, Mr. Romoff. We'll have to try to get those other recommendations in as you answer some questions from the committee.

Mr. Mark Romoff: That will be fine.

Thank you very much.

The Chair: Next is Mr. Lapierre, mayor of the City of Dieppe.

[*Translation*]

Mr. Yvon Lapierre (Mayor, City of Dieppe, New Brunswick): Good evening.

First of all, I would like to thank you for inviting me to appear before the Standing Committee on Transport, Infrastructure and Communities to discuss infrastructure projects and the Investing in Canada plan.

The small city of Dieppe is located in southeastern New Brunswick, and has a population of approximately 26,000. It relies on about 170 employees to respond to the needs of the community. In the space of 15 years, our population has practically doubled. This creates additional demand on our existing infrastructure, which needs to be upgraded, but also creates a demand for new infrastructure.

To help us with these new challenges, we have received funding from a number of Infrastructure Canada programs, which among other things, have allowed us to improve our road infrastructure, upgrade our sanitary and storm sewers, and develop our industrial park. As such, we are very happy with the significant financial contribution that we have received as part of these programs.

That being said, we would like to make some suggestions to make the programs more accessible for everyone and to foster long-term economic growth in all communities, regardless of size.

I would also like to take the opportunity to support my colleagues, Mr. Dion and Mr. Desjardins, from the Association francophone des municipalités du Nouveau-Brunswick, who gave a similar presentation just two weeks ago.

The lack of internal employees in the engineering sector in some villages and small municipalities can create a lot of pressure. The documents that need to be filled out often become a huge task for the smaller municipalities that do not have the organizational capacities to do so. This is a definite example of inequity between large and small communities. In addition, the lack of experience of some municipalities means that they sometimes forget to identify ineligible fees at the beginning of the project, which can clearly create a financial burden for these communities when they proceed with the projects.

Another challenge is that Infrastructure Canada employees change regularly. This means that our staff often have to explain the files again. We realize that this is a difficult situation to manage, but we still want to draw your attention to it.

The obligation to provide one third of the funding can also be an obstacle for a number of small communities, and can even prevent them from submitting other projects.

On a more positive note, based on our experience, we can testify that the funding is quickly reimbursed after the work begins.

In our opinion, it would be desirable to establish a stable funding program, similar to the gas tax fund, to finance improvements to existing infrastructure. The advantages of this fund are that it is a permanent source of funding for municipalities, and it gives greater financial latitude.

Other funding could be used for new infrastructure, whereas the fund similar to the gas tax fund would allow for better long-term planning for existing infrastructure.

We also suggest simplifying the application process or extending the deadlines to apply, due to the complexity of the forms that need to be filled out.

Our last suggestion is that it would be very useful to be able to visit a website in order to get information faster, instead of having to call the staff, who, I am sure, have many other things to do with their time.

Finally, I would like to say that I support the Federation of Canadian Municipalities' suggestion to share the costs in the following way: 40% from the federal government, 40% from the provincial government and 20% from the municipalities. I think that the fact that the federal government has already agreed to the principle of paying 40% of the costs shows how important federal infrastructure programs are.

● (1645)

This is how I'll end my presentation.

[*English*]

The Chair: Thank you very much, Mayor Lapierre.

We'll go to Mayor Savage.

Mr. Mike Savage (Mayor, Halifax Regional Municipality): Madam Chair and committee members, it's a great pleasure to be here to share a little bit about Halifax and talk about what infrastructure funding means to our municipality.

Halifax is well known as the urban centre of Atlantic Canada. What people sometimes forget is that we're the largest rural municipality in Nova Scotia. In fact, if you look at a map, at the physical size of HRM, you could fit Montreal, London, St. John's, Quebec City, Winnipeg, Toronto, Edmonton, Calgary, and Hamilton inside the physical boundary of the region. Nobody knows that better than Sean Fraser, whose riding of Central Nova covers a lot of that area.

We're the centre of economic growth in Nova Scotia. We account for 10% of the land size, 46% of the population, but almost 60% of the GDP. That's important, because we have the complex needs of a growing urban centre but also the challenges and opportunities that come with a large rural community.

You've all heard the statistic that 60% of the infrastructure is the responsibility of municipalities, but we collect less than 10% of the taxes, so we have to be creative in order to reach our goals, and we need strong partnerships.

Halifax has been one of the fastest-growing cities in the country in the last number of years. You can see from the changing skyline the difference from 2014 to 2017 in how the city looks. We have ambitious goals. We have an economic growth strategy, which we started a couple of years ago, that sees us wanting to raise our population from 418,000 to 550,000 by 2031. We're making progress. We've grown by 8,000 and 7,000 in the last two years.

The most exciting statistic is that we're keeping and attracting young people here, sort of going against the trend of Atlantic Canada. Throughout the first nine years of the 2000s, we were losing people in that key demographic of 25 to 39, and now, dramatically, we're keeping them. We're rewriting the narrative of kids going down the road for opportunity.

We continue to open our doors to people from around the world, and the face of our city is changing dramatically. International immigration accounts for over half of our growth. I'm excited, pleased, and proud to say that our city welcomed over 1,000 Syrian refugees. That's my mayoral boasting.

On infrastructure specifically, public infrastructure is the foundation on which our communities are built, and infrastructure investment publicly spurs private investment. Building and maintaining local infrastructure—the roads, the bridges, the water systems—provides a clear and measurable return on investment. Predictable federal funding, as outlined in these bilateral agreements, will ensure that we and other communities, like that of my colleague from Dieppe, continue to achieve real, sustainable growth.

The most dynamic cities in the world have effective public transit systems. Modern and efficient public transit increases productivity, cuts gridlock, connects people, services, and businesses to one another, and improves the health of citizens. Public transit infrastructure allows us to better move people in and out and strengthens our transit options. For us, a big deal is commuter rail. It's an option being looked at by our regional council. If we can establish a commuter rail that's efficient and cost-effective, it will be an incredibly valuable asset for us and for the future of our city, working with partners like VIA and CN. We're also looking at bus rapid transit.

I also want to highlight water. Investment in water, waste water, and stormwater infrastructure is a national issue. These are systems that many of us take for granted. Upgrades to waste water are some of the most pressing and expensive needs for our municipality. We have some of the oldest pipes in Canada. We have a $2.6-billion integrated resource plan on water alone within HRM that we need to fulfill. Some of the pipes we've recently dug up in the city go back to 1856 and 1862.

Halifax is a coastal city. It's particularly vulnerable to the effects of climate change, especially sea level and storm surge. Those are absolutely critical investments. We're looking at innovative ways to combat climate change, including plans to incorporate district energy into major new projects in the city.

Private sector development comes after public sector investment. It's because of sound urban planning and big public investments that we have things in Halifax that are making a big difference.

Successful cities are built through strong partnerships between all orders of government and the private sector, and I look forward to continuing to work with you and my colleagues across the country as we build the cities of tomorrow.

Thank you, Madam Chair.

● (1650)

The Chair: Thank you very much, Mayor Savage.

We'll go to Alex Boston for five minutes, please.

[*Translation*]

Mr. Alex Boston (Executive Director and Fellow, Renewable Cities, SFU Morris J. Wosk Centre for Dialogue): Good afternoon, Madam Chair and members of the committee.

I have prepared a presentation.

[*English*]

Do you have the presentation?

The Chair: Yes, we do, Mr. Boston.

Mr. Alex Boston: There we go. If I do not see it advancing, I will just communicate to the clerk that we'll be going to the next stop in the spirit of the investing in Canada plan.

I have a slightly different perspective from my colleagues here, not because I don't believe in the incredible importance of investing in our infrastructure, but because I believe we have to think about shovel-worthy, not just shovel-ready, projects. What I want to do is provide a little bit of context in the first transit exchange that we go through, look at some of the barriers to the investing in Canada plan, and then outline a few solutions.

Here we are at the first transit exchange: objectives and outcomes. I strongly concur with the laudable and achievable objectives that have been laid out around long-term economic growth, a low-carbon green economy, and inclusivity in our communities. The other critical objective that the country holds is a 33% emission reduction target by 2030 from 2005, a commitment that's shared on all sides of the House, as a bare minimum.

Transportation produces a quarter of Canada's greenhouse gas emissions. The largest share of those transportation emissions is personal transportation emissions, and they come from our driving around. If we look at jurisdictions around the world that are making progress, there are four pillars upon which they build their agendas: vehicle efficiency, renewable fuels—both of which are largely senior government responsibilities supported by local governments—reducing commuting distances, and shifting modes. The latter two are local government lead areas, and they have to be supported through initiatives like the investing in Canada plan.

As it stands, it is not certain at all. In fact, there are high risks that the objectives of the investing in Canada plan won't be achieved.

This is some work I did for the Ontario Ministry of Environment and Climate Change that shows the GHGs per household, transportation, and building by location and neighbourhood type across the greater Golden Horseshoe. The most important thing is your proximity to the employment hub. The next most important thing is your housing type and your neighbourhood type. The third most important thing is your proximity to good transit. Proximity to employment is four times more important than the type of transit you invest in.

It's not only carbon that matters. High-carbon neighbourhoods are neighbourhoods that have a lot of other costs associated with them. Low-density, auto-oriented neighbourhoods have double the infrastructure burden on a per household basis. You have double the transportation costs and double the driving distances. The majority of people are overweight in these communities. We're losing 3% of our agricultural land every 10 years in Canada, and that is as a result of our auto-oriented approach. We are becoming more auto-oriented, and this infrastructure agenda under the investing in Canada plan won't solve this.

Greater Vancouver has one of the most sustainable land use regimes in Canada, not because of its political leadership exclusively —that would be part of it—but because they're hemmed in by mountains and oceans. What you see on the top line is GHG activity since 2007. The bottom line is the GHG reduction target. That's the GHG trajectory when you take a look at the $7.5-billion transit investment plan, the biggest transit investment agenda ever in British Columbia. We're not going to achieve our targets with this type of investment.

Should we invest in transit infrastructure? Yes, but we can't be.... This slide looks at the biggest transit spends in the country—Edmonton, Calgary, Montreal, greater Ottawa, and greater Toronto and Hamilton. Each one of those stations pictured is in a green field. It's a farmer's field. We need that on a long-term basis to be resilient to climate change. Half of the food in our larders is imported from Florida and California, unstable production areas globally. Agriculture is one of the biggest opportunities in Canada. Those transit routes and those transit lines won't take us to Paris. What we really risk is ultimately increasing our financial deficit, our social deficit, and our environmental deficit. The only surplus we're going to have is a carbon surplus.

● (1655)

Our final stop is the investing in Canada plan: some solutions. We can require some really well-accepted resident and job density benchmarks that exist and that transit planning authorities use all around the world. They are used by most of the transit planning authorities involved in these projects. However, these projects won't meet these density benchmarks.

I have no expectation for the federal government to dictate land use planning to local governments, but you can lay down the type of density thresholds that are appropriate for the type of transit infrastructure spend. It's going to make us healthier, make us more prosperous, and it's going to reduce our GHG emissions.

I've outlined a number of indicators that are appropriate for projects that are in the pipeline. This can be done. There are other jurisdictions in the world that are driving down emissions in transportation sectors. California is one of them. They have the best land use plans in the country because the state stepped up to the plate and required certain thresholds to be achieved.

The Chair: Mr. Boston, I'm sorry, but I have to cut you off there. If you can get your remaining comments in while you're answering some questions, it would be helpful.

We will go to Mr. Chong for five minutes, please.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Madam Chair.

Thank you to our witnesses for appearing, in particular a former colleague, Mayor Savage. It's great to see you again.

We're here because the Parliamentary Budget Officer has issued several reports that are quite critical of the government's infrastructure spending. In particular, the government is not meeting the growth or job creation targets that it set out in budget 2016. It said it would create some $46 billion in new economic growth as a result of infrastructure spending. It also said it would create tens of thousands of new jobs. The PBO has indicated that, based on its assessment, only 11,000 jobs have been created in the last year, and instead of some $46 billion in economic growth, only $4 billion, less than a tenth of what was originally projected, has been created.

One of the reasons the PBO has given for this lacklustre growth and lacklustre job creation is the fact that the government is not getting the money out the door enough.

Some witnesses have indicated they're not overly concerned about the cash-flow issues and the fact that the government is not meeting its own spending commitments. In fact, we had one witness here, a professor, who referenced a McKinsey Global Institute report that said Canada is spending too much money on infrastructure, and that report suggested we should reduce spending on infrastructure.

On the other hand, we have hard data from Statistics Canada that demonstrates things are getting worse. Last November, StatsCan issued a report indicating commuting times are getting worse. The average daily commute for Canadians is up 4% despite the fact that commuting distances are down in the census metropolitan area of greater Toronto. For the five-year period they were analyzing, StatsCan said people are driving shorter distances but the amount of time they are spending in their cars is actually up, so the average commuting time now in the GTA, the country's largest metropolitan region, is now over one hour a day.

I guess I'm looking for comments—critical in a constructive sense —about the government's infrastructure plans and what we can do to arrest this disturbing trend whereby Canadians are commuting shorter distances but spending much more time doing it. We want to come out of this with a report, with some constructive recommendations for the government on how it can improve its infrastructure spending.

● (1700)

The Chair: Mayor Savage, would you like to go first?

Mr. Mike Savage: Thank you.

Mr. Chong, it is nice to see you again. I enjoyed being on committee with you before.

First of all, on commuting times, I think there's a simple answer. People from Toronto should move to Halifax. I think that would be good for everybody.

There are some major projects we think will get people out of cars, make them healthier, protect the environment, and do a whole lot of things. For us, I mentioned the commuter rail, which I think is very important. I think it's good in every sense.

I can only speak from our own point of view. We haven't been very aggrieved by slowness in funding. There are other elements in this as well, of course, including the fact that the provinces have to sign the bilateral agreements. In some cases, they can determine how the cash flows, which can slow it down for us. In phase one, we got a lot of work done, and we anticipate the same in phase two.

In terms of your comment about people spending more time getting to work, one of our key points is that we want housing options that allow people to live closer to where they work. This means building in the downtown core, where they are on a bus line, where they don't have to get in a car, where a family that can barely afford one car has to have two cars. Overall, for us we've been well served. We haven't had a huge problem with the money flow, and we anticipate in phase two that we will be able to use the money in the schedule as it comes out to us.

Hon. Michael Chong: Madam Chair, perhaps we could also hear from Mr. Boston.

The Chair: Mr. Boston, give us a brief answer, please.

Mr. Alex Boston: It's a very astute question. We've had 60% growth in vehicle kilometres travelled since 2005 and 30% growth in our vehicle stock. On a per household basis, vehicle kilometre travel, VKT, is dropping, but the net VKT is growing and growing. We need infrastructure investments that will reverse that trend, and it can be done. We also need infrastructure spending that will reduce our long-term civic infrastructure deficit. Most municipalities don't generate enough revenue to operate, maintain, and replace their infrastructure, and the public transit infrastructure spend has a serious risk of exacerbating this situation because it's not connected to land use.

The Chair: Thank you, Mr. Boston.

Mr. Badawey.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Madam Chair.

I have a question for Mr. Savage. Now that you've taken on the job as mayor, I'm sure you recognize the need for municipal strategy. Ministers Garneau and Sohi are both working extremely hard to align our nation's strengths with strategic economic infrastructure investments. Trade and transportation corridors are our nation's strength.

Halifax, as you and many people around this table know, is an integral component of our network of trade and transportation corridors. Where do you see, within the strategies you're establishing in your municipality, in your region, our investing in Canada plan contributing to Halifax's future economic infrastructure strategy?

Mr. Mike Savage: Madam Chair, I see committees haven't changed much since I was in Ottawa, which is good. I think it's very important.

You mentioned the port of Halifax. The port of Halifax has been on a growth trajectory the last few years. Investing in the port is important to us so that we can handle the ultra ships. The ultra-class vessels are a very important piece of maintaining Halifax, but so is trying to make sure that the trucks that come out of the port are not clogging up the downtown, tearing up the roads, and creating all kinds of carbon that doesn't need to be taken up there. In short, it's a very important part of it for us.

As a municipality, we're in a position financially that we can invest. We're a little unusual in that we're a municipality with a debt of less than $250 million—this in a province with a debt of $15 billion or $16 billion. So we need help from the other two orders of government. We also can do some of this on our own with our partners, like our port and airport, which are both very important.

Thank you.

Mr. Vance Badawey: To be more specific, I had a good discussion yesterday with Mrs. Oldfield from your port authority. She mentioned to me that, although Halifax is obviously known as a port, when it comes to water, it's becoming more evident today that there's also a need for more rail infrastructure. What are you looking at in terms of those specific investments?

● (1705)

Mr. Mike Savage: For us, a large part of it is to find a way to get the traffic that comes into the port to the rails without having to go on trucks. An inland terminal, for example, is a possibility we're looking at, which I think is good for a whole bunch of different areas: environmentally, from a road network point of view, as well as economically. I don't think these specific infrastructure pieces would be part of that, but other parts of an infrastructure program would be and are, and they are very useful.

Mr. Vance Badawey: I'll open up this question to all the individuals.

There was mention of a sustainable funding envelope. Would you agree that those sustainable funding envelopes should be based on a period of 10, 15, or 20 years and that the funding envelopes should be attached to one strategic plan as opposed to a strategic plan that includes your economic side as well as your municipal needs? Would you agree that each envelope should have attached to it a disciplined asset management plan?

The Chair: Mayor Lapierre, did you want to answer that?

Mr. Vance Badawey: I see a lot of hands going up.

The Chair: Mayor Lapierre.

[*Translation*]

Mr. Yvon Lapierre: Yes, certainly.

As I pointed out in my presentation, we would really like to see something similar to the gas tax fund that could help us plan ahead. Municipalities have reached a stage of maturity, and they are fully capable of managing their future. However, to manage the future, we absolutely need stable revenue for infrastructure. We all face the challenge of replacing our aging infrastructure, so, I believe that a special fund should be created.

The second fund I mentioned during my presentation would rather be used for improving the economic aspect of our infrastructure, as my colleague from Halifax, Mayor Savage, pointed out. We would need to improve the economic aspect of the transportation infrastructure, for instance, ports and airports. We have a relatively major airport in Dieppe that has a good air freight capacity. These are the kinds of investments we would really like to receive.

[*English*]

Mr. Vance Badawey: Thank you.

The Chair: Thank you very much.

We'll move to Mr. Aubin.

[*Translation*]

Mr. Robert Aubin: Thank you, Madam Chair.

Thank you all for participating in our study.

I think we all agree that we are far behind in updating our infrastructure, and in building new infrastructure. Let's not argue about the numbers, but, according to the Parliamentary Budget Officer's last report, only 50% of the projects are underway, whereas the minister said 70% during his last visit. Let's be good sports and use the minister's numbers. We are left with 30% on hold, which represents $2.5 to $2.6 billion of non-distributed funds that will probably be assigned to another year. Each time that funding is reassigned, projects do not see the light of day, jobs are not created, and costs go up. It's indeed rare to see costs go down from one year to the next.

I have two questions.

My first question is mainly for both mayors, even if Mr. Lapierre has already answered it. Is our current formula the right one, or would it be better to opt for an ongoing funding model, as Mr. Lapierre suggested?

I will ask my second question right away. Given the current backlog, can you tell me what percentage of your funding requests is intended for catching up on your infrastructure upgrades? Also, what percentage is truly dedicated to developing new, green infrastructure projects that would take us into the 21st century? I'm asking for a general idea here, of course, not specific figures.

Mr. Yvon Lapierre: I'll mainly answer the second question, since you already know my opinion on the stability of funding for aging infrastructure.

Green infrastructure has enormous potential. It isn't for a lack of ideas. The goal is to be able to invest and get things rolling in the municipalities. My colleague Mr. Savage talked a lot about public transportation and how to improve it. Population density is a factor. Our small municipality has a population of 26,000, whereas Moncton, the city next to us, has a population of 100,000. Given that we aren't facing the same debt, or even the same deficit, in aging infrastructure, we have the invaluable opportunity to make long-term improvements on our infrastructure. We are therefore in a position to invest substantially in sustainable projects, particularly public transportation. We can also increase population density by getting help to build buildings, such as apartments and condos.

● (1710)

Mr. Robert Aubin: Thank you.

Mr. Savage, do you have anything to add?

[*English*]

Mr. Mike Savage: Yes. In getting caught up, I mentioned that in Halifax, we have an integrated resource plan of $2.6 billion. Of the $2.6 billion, $600 million is for the CCME guidelines, which are forced upon us by the feds, which we understand and support; $700 million is the catch-up on work that could be done, and $1.3 billion is to accommodate growth. Most of it is to accommodate the anticipated growth.

On the formula question to be specific, we appreciate the fact that the feds have invested 50% in the first round and 40%, with some cases going to 50%, for recapitalization. The issue for a city like Halifax, which is a city that is doing reasonably well in a province that has real financial problems is we have to get a little creative. For example, the province hasn't funded public transit, so to say that you're going to do 40% from the feds and 40% from the province only works if the province has the money. Under phase one, the province didn't contribute.

Generally, I think the formula works, but it's not equal across the country, depending on the financial circumstances of the provinces and the individual cities.

[*Translation*]

Mr. Robert Aubin: Thank you.

...

[*English*]

Mr. Mark Romoff: Mr. Aubin, if I could make a point, I think it's also important to recognize that cash flow doesn't always follow project approval, and particularly with respect to public-private partnerships, no funding is provided to the firms that are building these projects until they've been substantially completed. There could be a period of up to three years from when the project was launched to when a first payment might flow.

The other reality, particularly in public-private partnerships, is that these projects take place over 25 to 35 years because of maintenance, and therefore, while the project may have significant value, the cash flow will be over a period of up to 35 years.

The Chair: Thank you, Mr. Romoff.

Now we'll go to Mr. Fraser.

You have five minutes, please.

Mr. Sean Fraser: Excellent.

It's good to see you again, Your Worship.

I'll focus my questions on you, given our shared constituency in Central Nova.

I know the Parliamentary Secretary to the Minister of Infrastructure and Communities, sitting to my right, has a cottage in your municipality as well. He'll be very interested in my line of questioning, which will focus on the rural portions of your riding, which you raise.

One of the things I hear back at home from the folks who live in the rural part of HRM is that since the amalgamation took place, it seems hard for the city to sometimes justify the bigger projects in the rural areas. There are a handful of initiatives afoot which I know you're well aware of.

When it comes to doing big things in small communities, if the money is there at the federal level, is the city going to be there to play ball as well?

Mr. Mike Savage: It certainly depends on the project. As a city, we're trying to expand our mandate, but there are certain things we have a responsibility for and certain things that we don't.

I think that since amalgamation there have been a lot of improvements, I would say, in services to rural communities, for example, the fire departments and the equipment that has been invested. The beauty of a municipality the size of HRM is that everyone across the municipality thinks they're getting ripped off the most. That's what pulls us together: that we all agree with that.

We're happy to work with you. I think I'll be with you maybe this Saturday when you're going to be making some announcements. I look forward to seeing you then.

Mr. Sean Fraser: Excellent.

I want to shift the focus to transit right now.

One of the struggles that we have throughout rural Nova Scotia—this is not unique to HRM—is that we have a fair number of community transit organizations that aren't necessarily run by municipalities. I'm thinking of things like the MusGo Rider, CHAD Transit down in New Glasgow, or Antigonish Community Transit.

There is a funding formula challenge that we have because they're not necessarily run by a municipality. I know that Halifax is likely going to be looking to upgrade its transportation infrastructure. I'm wondering if this is going to create opportunities with the surplus infrastructure. I'm thinking about used buses that might not be too old to be out of service.

Will there be an opportunity to partner with smaller communities so that they can get a public transit system off the ground where they may not have one today?

● (1715)

Mr. Mike Savage: For example, we've given buses to places like Bridgewater, Nova Scotia, to start their transit service. Because HRM is so big, over the last 10 to 20 years the fare-box contribution to transit has gone from being two-thirds paid by customers to about a third or 40%. Part of it is that we have a transit system that's been designed by politicians and not by traffic engineers.

What we have to do in Halifax is condense our service and make it more efficient in the core, but be sensitive to fact that things like MusGo Rider.... I think we're prepared to invest significantly in communities that want to get people in to where the transit system works more effectively. We're prepared to put money into that any day of the week.

Mr. Sean Fraser: One challenge that is unique, I believe, in Canada—certainly in Nova Scotia to HRM—is that the rural box of funding under phase two of the federal government's infrastructure plan is done by size of municipality. One of the buckets, or potential types of projects, under that funding that I'm most interested in is connectivity.

If HRM were made eligible for this pocket of funds, is the city interested or willing to participate in cost sharing to extend high speed internet connectivity to rural parts of HRM?

Mr. Mike Savage: A couple of the councillors in your area, Councillor Streatch and Councillor Hendsbee, have been on this for some time. We're certainly prepared to be part of that.

I would encourage people to recognize that.... This is why I put this in my presentation. People think of Halifax as urban, but we are a large rural municipality. We should not be excluded, in my view, from rural funding.

Mr. Sean Fraser: I know that—including Senator Tom McInnis from Sheet Harbour—we've been partnering quite a bit to work on a large recreational project. I'm curious if the city has plans to help me make the province prioritize this project with the lifestyle centre down in that neck of the woods.

Is this something that's high on your priority list?

Mr. Mike Savage: Yes. As you know, that's something that's been discussed at council a lot. Initially, we had hoped that it might be part of the new high school that we're contributing to. We're certainly prepared to talk.

Tom McInnis is a very strong senator and a very strong advocate for Sheet Harbour. I talked to him as recently as yesterday. We're prepared to look at that and work with the community, the wonderful community of Sheet Harbour, and the whole eastern shore.

Mr. Sean Fraser: Finally, the parliamentary secretary to my right wants to know if that commuter rail line is going to go to East Jeddore.

Mr. Mike Savage: Perhaps you could tell him that as we're talking I'm checking his property tax to make sure that it's been paid.

Voices: Oh, oh!

Mr. Sean Fraser: Thanks very much, Mayor.

We'll see you soon.

The Chair: Thank you very much.

Next is Mr. Sikand.

Mr. Gagan Sikand (Mississauga—Streetsville, Lib.): My question is for Mark Romoff.

I'm interested in knowing how public-private partnerships work in practice, and in exploring the pros and cons of this approach. I was reading the brief that the Canadian Council for Public-Private Partnerships submitted to the consultations in advance of the 2018 budget. Your organization recommends that the Government of Canada increase its education and capacity-building efforts for public-private partnerships with local governments. It says:

> The ready availability of Canadian private capital to invest in public infrastructure is at the heart of the P3 success story - there are now 261 P3 projects across the country either [in operation or] under construction.... The value of those projects...[actually] exceeds $122 billion.

That brings me to my first question. What are the advantages, if any, for involving the private sector in public infrastructure investments?

Mr. Mark Romoff: Mr. Sikand, this is a good question.

The reality is that irrespective of the way that communities choose to procure infrastructure, the private sector is always involved. The advantage of a public-private partnership over traditional procurement is that the private sector as a consortium takes on responsibility for the design, the construction, some of the private finance, and the maintenance of the asset over a period of 25 to 35 years.

Governments enter a fixed-price contract with these consortia, which take on the risks associated with design and construction, amongst other risks. As you may know, with traditional procurement, many projects come in well over budget and way behind schedule. The nature of the contractual arrangement with P3s precludes that, because the private sector has a responsibility for those cost overruns, and is held accountable for them, and not government, they are therefore very focused on ensuring that projects do come in on budget, and on time.

● (1720)

Mr. Gagan Sikand: On that note, what are the types of public infrastructure projects best suited for these partnerships?

Mr. Mark Romoff: You mentioned that we have a large number of these projects across Canada. In fact, there are 267 projects.

The most active users of this model are the health care sectors. That includes the building of hospitals and the provision of long-term health care facilities. There are 97 of these projects currently being built or already in operation using this model.

The transportation sector is the other most active sector—roads, highways, bridges. Increasingly, urban transit systems are being built using this particular model, again for the same reasons, around arriving at these projects on time, on budget, and with the best value for the taxpayers' money.

Mr. Gagan Sikand: My last question would be, what are the barriers that local governments face in terms of capacity when they use this partnership model?

Mr. Mark Romoff: In fact, the barriers are really around capacity. By that I mean familiarity with the public-private partnership approach is uneven, particularly with municipalities that don't have a long history of infrastructure investment. There is a need for those communities to understand the nature of the model and to mirror the approach taken by other more experienced municipalities. Having the advisers they need to understand how best to procure the asset and, in fact, enter into the contractual arrangements will ensure that it will be a good deal for both governments and the private sector.

Mr. Gagan Sikand: I've pretty much run out of time. I'd like to thank you for your answers.

The Chair: There's one minute left.

Mr. Mark Romoff: Thank you for your questions.

Mr. Gagan Sikand: In which case, I'll pass the time on to my colleague.

The Chair: It has to be fast.

Mr. Ken Hardie: Mr. Boston, I have a quick question for you.

Do you know of the Gloucester estates out on Highway 1? It was ripped out from underneath workers in Vancouver and put out there because the land was cheap, forcing long commutes on the workers. I presume that's exactly the sort of thing you would not want to see federal money used to support.

Mr. Alex Boston: Sorry, run that by me....

I do know of you, Mr. Hardie, and all of your great work with transit authorities and other entities in British Columbia.

What project was that?

Mr. Ken Hardie: That was the Gloucester estates. It's an industrial park.

Mr. Alex Boston: Oh, yes.

Mr. Ken Hardie: They moved it from Vancouver out to the far east, and imposed huge commutes on the workers.

Could you submit to us your thoughts as to the criteria that we should use before we invest public federal funds to support transportation infrastructure in a city?

Mr. Alex Boston: Well, I certainly could. I have—

The Chair: Please submit that to the clerk, sir, so we could get that information. We don't have enough time to get it from you verbally today.

Mr. Alex Boston: Okay, we'll send that.

The Chair: Thank you.

Mr. Chong.

Hon. Michael Chong: Thank you, Madam Chair.

I have a question for Mr. Boston. Perhaps I'll give him some time to talk about how the federal government can improve its infrastructure spending.

To frame the question, the federal government doesn't fund all kinds of infrastructure. We don't fund hospitals. We don't fund K-to-12 education. We generally don't fund university buildings, although there are exceptions. We do fund water and waste water, recreation from time to time, and transportation.

In particular, I want to focus on the transportation sector. I talk to constituents in my riding in the greater Toronto area. They tell me time and time again that the single thing that frustrates them the most in their day-to-day lives is commuting.

When you look at the data, you see that commute times are getting longer. People are spending more and more time sitting in traffic. They are getting increasingly frustrated about this. Despite the fact that governments have spent tens of billions of dollars in the last decade to try to fix the problem, the problem is just getting worse.

In the context of the Paris accord, and our 2030 targets, as you pointed out in your presentation, a quarter of our emissions are from transportation. Maybe you could speak to how the federal government could improve infrastructure spending to not only meet our Paris accord commitments, but to improve the quality of life for people who are trapped in traffic each and every day.

● (1725)

Mr. Alex Boston: Most fundamentally, it is simplistically using some accepted job and residential density threshold targets that are quite well accepted by transit authorities that will determine the type of infrastructure investment.

One of the things that's happening right now, in contrast to the astute observations by His Worship Mayor Savage, is many of our transit investments are not in those existing built-up areas. We're facilitating longer driving and more congestion by going into greenfield areas. We ultimately have to intensify. This is something that addresses quality of life in a huge way.

We have a housing stock that completely doesn't match our demographic reality in this country, where more than half of our houses are single family homes. Today, more than two-thirds of households have only one or two people, and by 2025 we'll have more one person households than any other type of household, and that's going to continue to grow. A lot of those people are living in single family houses. We need to provide a bunch of housing choices on the housing continuum, from high-rise to row houses, townhouses, multiplexes, right down to the single family home. That is something we have to help municipal governments do.

There's a ball of wax of policies that have inadvertently been encouraging local governments to do the wrong things. It's cheaper to do greenfield development in a farmer's field than it is to intensify because you have to rip up infrastructure and lay it again. But it's through those intensification projects that you generate the revenue necessary to operate, maintain, and replace that infrastructure. The best asset management regime in the country is actually from the Minister of Infrastructure and Communities' riding in the city of Edmonton. Every neighbourhood has to undergo an analysis of revenue streams on a life-cycle basis and expenditures. Out of more than 20 neighbourhoods that I've studied, only two have enough revenue to build, operate, maintain, and replace that infrastructure. The other 18 are going to be, ultimately, an albatross hanging around the neck of the municipality on a long-term basis because of policies we've inadvertently developed.

Thank you.

The Chair: Thank you very much, Mr. Boston.

To all of our witnesses, thank you all very much. I think we could have gone on another hour, and I can see my colleagues have questions, but maybe they can communicate with you directly.

I'm going to suspend for a moment while we disconnect, and then we have to go in camera and have a quick look at our recommendations.

Thank you.

[*Proceedings continue in camera*]

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